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HOUSE BILL 262

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Edward C. Sandoval

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT BASED ON
FILING STATUS, PERSONAL EXEMPTIONS AND TAXABLE INCOME;
AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Tax Administration Act,
Section 7-1-83 NMSA 1978, is enacted to read:

"7-1-83. [NEW MATERIAL] INDEXING AMOUNTS FOR INFLATION.--
The dollar value of an amount used to specify a tax, a credit,
a rebate or any other provision that is indexed for inflation
pursuant to this section shall be adjusted each calendar year
subsequent to the base year according to the following rules:

A. to determine the dollar value of an amount for a
calendar year, the dollar value of the amount in the base year
shall be multiplied by the inflation adjustment factor

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1 determined pursuant to Subsection B of this section and then
2 rounded according to the rules in Subsection D of this section;

3 B. the inflation adjustment factor for a calendar
4 year is the lesser of one or the quotient of a fraction:

5 (1) the numerator of which is the sum of the
6 monthly consumer price index values for the twelve months
7 ending in August of the preceding calendar year; and

8 (2) the denominator of which is the sum of the
9 monthly consumer price index values for the twelve months
10 ending in August of the year preceding the base year;

11 C. as used in this section, the "consumer price
12 index" is the last consumer price index published by the United
13 States department of labor for all urban consumers, for all
14 items and for the current series; and

15 D. the amount determined under Subsection A of this
16 section, before rounding, shall be rounded according to the
17 following rules:

18 (1) if the amount is no more than five hundred
19 dollars (\$500) to the nearest one dollar (\$1.00);

20 (2) if the amount is more than five hundred
21 dollars (\$500) but no more than five thousand dollars (\$5,000),
22 to the nearest five dollars (\$5.00);

23 (3) if the amount is more than five thousand
24 dollars (\$5,000) but no more than fifty thousand dollars
25 (\$50,000), to the nearest fifty dollars (\$50.00); and

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1 (4) if the amount is more than fifty thousand
2 dollars (\$50,000), to the nearest five hundred dollars (\$500)."

3 Section 2. Section 7-2-2 NMSA 1978 (being Laws 1986,
4 Chapter 20, Section 26, as amended) is amended to read:

5 "7-2-2. DEFINITIONS.--For the purpose of the Income Tax
6 Act and unless the context requires otherwise:

7 A. "adjusted gross income" means adjusted gross
8 income as defined in Section 62 of the Internal Revenue Code
9 [~~as that section may be amended or renumbered~~];

10 B. "base income":

11 (1) means, for estates and trusts, that part
12 of the estate's or trust's income defined as taxable income and
13 upon which the federal income tax is calculated in the Internal
14 Revenue Code for income tax purposes [~~plus, for taxable years~~
15 ~~beginning on or after January 1, 1991, the amount of the net~~
16 ~~operating loss deduction allowed by Section 172(a) of the~~
17 ~~Internal Revenue Code, as that section may be amended or~~
18 ~~renumbered, and taken by the taxpayer for that year]; and~~

19 (2) means, for taxpayers other than estates or
20 trusts, that part of the taxpayer's income defined as adjusted
21 gross income [~~plus, for taxable years beginning on or after~~
22 ~~January 1, 1991, the amount of the net operating loss deduction~~
23 ~~allowed by Section 172(a) of the Internal Revenue Code, as that~~
24 ~~section may be amended or renumbered, and taken by the taxpayer~~
25 ~~for that year;~~

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1 ~~(3) includes, for all taxpayers, any other~~
2 ~~income of the taxpayer not included in adjusted gross income~~
3 ~~but upon which a federal tax is calculated pursuant to the~~
4 ~~Internal Revenue Code for income tax purposes, except amounts~~
5 ~~for which a calculation of tax is made pursuant to Section 55~~
6 ~~of the Internal Revenue Code, as that section may be amended or~~
7 ~~renumbered; "base income" also includes interest received on a~~
8 ~~state or local bond; and~~

9 ~~(4) includes, for all taxpayers, an amount~~
10 ~~deducted pursuant to Section 7-2-32 NMSA 1978 in a prior~~
11 ~~taxable year if:~~

12 ~~(a) such amount is transferred to~~
13 ~~another qualified tuition program, as defined in Section 529 of~~
14 ~~the Internal Revenue Code, not authorized in the Education~~
15 ~~Trust Act; or~~

16 ~~(b) a distribution or refund is made for~~
17 ~~any reason other than: 1) to pay for qualified higher~~
18 ~~education expenses, as defined pursuant to Section 529 of the~~
19 ~~Internal Revenue Code; or 2) upon the beneficiary's death,~~
20 ~~disability or receipt of a scholarship];~~

21 C. "compensation" means wages, salaries,
22 commissions and any other form of remuneration paid to
23 employees for personal services;

24 D. "department" means the taxation and revenue
25 department, the secretary or any employee of the department

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1 exercising authority lawfully delegated to that employee by the
2 secretary;

3 E. "dependent" means "dependent" as defined by
4 Section 152 of the Internal Revenue Code;

5 [~~E.~~] F. "fiduciary" means a guardian, trustee,
6 executor, administrator, committee, conservator, receiver,
7 individual or corporation acting in any fiduciary capacity;

8 [~~F.~~] G. "filing status" means [~~"married filing~~
9 joint returns", "~~married filing separate returns", "head of~~
10 household", "~~surviving spouse" and "single", as those terms are~~
11 generally defined for federal tax purposes] the taxpayer's
12 marital and family status, which may be one of the following:

13 (1) "married individuals filing joint returns"
14 or "married filing jointly" means married individuals eligible
15 to file a federal income tax return jointly with the taxpayer's
16 spouse pursuant to Section 6013 of the Internal Revenue Code;

17 (2) "married individuals filing separate
18 returns" or "married filing separately" means a married
19 taxpayer not filing a federal income tax return jointly with
20 the taxpayer's spouse;

21 (3) "head of household" means "head of
22 household" as that term is defined by Section 2(b) of the
23 Internal Revenue Code;

24 (4) "surviving spouse" means "surviving
25 spouse" as that term is defined by Section 2(a) of the Internal

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1 Revenue Code; and

2 (5) "single" means an unmarried individual not
3 a head of household or surviving spouse;

4 H. "first year resident" means an individual who
5 moved to New Mexico in the tax year for which the taxpayer is
6 filing with the intent to make this state the individual's
7 permanent residence;

8 ~~[G.]~~ I. "fiscal year" means any accounting period
9 of twelve months ending on the last day of any month other than
10 December;

11 ~~[H. "head of household" means "head of household"~~
12 ~~as generally defined for federal income tax purposes;~~

13 ~~[I.]~~ J. "individual" means a natural person, an
14 estate, a trust or a fiduciary acting for a natural person,
15 trust or estate;

16 ~~[J.]~~ K. "Internal Revenue Code" means the United
17 States Internal Revenue Code of 1986, as that code may be
18 amended or its sections renumbered;

19 ~~[K. "lump-sum amount" means for the purpose of~~
20 ~~determining liability for federal income tax, an amount that~~
21 ~~was not included in adjusted gross income but upon which the~~
22 ~~five-year-averaging or the ten-year-averaging method of tax~~
23 ~~computation provided in Section 402 of the Internal Revenue~~
24 ~~Code, as that section may be amended or renumbered, was~~
25 ~~applied;]~~

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1 L. "modified gross income" means ~~[all income of the~~
2 ~~taxpayer and, if any, the taxpayer's spouse and dependents,~~
3 ~~undiminished by losses and from whatever source, including:~~

- 4 (1) ~~compensation;~~
5 (2) ~~net profit from business;~~
6 (3) ~~gains from dealings in property;~~
7 (4) ~~interest;~~
8 (5) ~~net rents;~~
9 (6) ~~royalties;~~
10 (7) ~~dividends;~~
11 (8) ~~alimony and separate maintenance payments;~~
12 (9) ~~annuities;~~
13 (10) ~~income from life insurance and endowment~~
14 ~~contracts;~~
15 (11) ~~pensions;~~
16 (12) ~~discharge of indebtedness;~~
17 (13) ~~distributive share of partnership income;~~
18 (14) ~~income in respect of a decedent;~~
19 (15) ~~income from an interest in an estate or a~~
20 ~~trust;~~
21 (16) ~~social security benefits;~~
22 (17) ~~unemployment compensation benefits;~~
23 (18) ~~workers' compensation benefits;~~
24 (19) ~~public assistance and welfare benefits;~~
25 (20) ~~cost-of-living allowances; and~~

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1 ~~(21) — gifts]~~ the sum of the taxpayer's adjusted
2 gross income, the adjusted gross income, if any, of the
3 taxpayer's spouse and dependents and any amount not included in
4 the taxpayer's, spouse's or dependent's adjusted gross income
5 pursuant to Section 86 of the Internal Revenue Code; [M.]

6 "modified gross income" ~~[excludes]~~ does not include:

7 (1) payments for hospital, dental, medical or
8 drug expenses to or on behalf of the taxpayer;

9 (2) the value of room and board provided by
10 federal, state or local governments or by private individuals
11 or agencies based upon financial need and not as a form of
12 compensation;

13 (3) payments pursuant to a federal, state or
14 local government program directly or indirectly to a third
15 party on behalf of the taxpayer when identified to a particular
16 use or invoice by the payer; or

17 (4) payments for credits and rebates pursuant
18 to the Income Tax Act and made for a credit pursuant to Section
19 7-3-9 NMSA 1978;

20 ~~[N. "net income" means, for estates and trusts,~~
21 ~~base income adjusted to exclude amounts that the state is~~
22 ~~prohibited from taxing because of the laws or constitution of~~
23 ~~this state or the United States and means, for taxpayers other~~
24 ~~than estates or trusts, base income adjusted to exclude:~~

25 ~~(1) an amount equal to the standard deduction~~

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1 ~~allowed the taxpayer for the taxpayer's taxable year by Section~~
2 ~~63 of the Internal Revenue Code, as that section may be amended~~
3 ~~or renumbered;~~

4 ~~(2) an amount equal to the itemized deductions~~
5 ~~defined in Section 63 of the Internal Revenue Code, as that~~
6 ~~section may be amended or renumbered, allowed the taxpayer for~~
7 ~~the taxpayer's taxable year less the amount excluded pursuant~~
8 ~~to Paragraph (1) of this subsection;~~

9 ~~(3) an amount equal to the product of the~~
10 ~~exemption amount allowed for the taxpayer's taxable year by~~
11 ~~Section 151 of the Internal Revenue Code, as that section may~~
12 ~~be amended or renumbered, multiplied by the number of personal~~
13 ~~exemptions allowed for federal income tax purposes;~~

14 ~~(4) income from obligations of the United~~
15 ~~States of America less expenses incurred to earn that income;~~

16 ~~(5) other amounts that the state is prohibited~~
17 ~~from taxing because of the laws or constitution of this state~~
18 ~~or the United States;~~

19 ~~(6) for taxable years that began prior to~~
20 ~~January 1, 1991, an amount equal to the sum of:~~

21 ~~(a) net operating loss carryback~~
22 ~~deductions to that year from taxable years beginning prior to~~
23 ~~January 1, 1991 claimed and allowed, as provided by the~~
24 ~~Internal Revenue Code; and~~

25 ~~(b) net operating loss carryover~~

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1 ~~deductions to that year claimed and allowed; and~~

2 ~~(7) for taxable years beginning on or after~~
3 ~~January 1, 1991, an amount equal to the sum of any net~~
4 ~~operating loss carryover deductions to that year claimed and~~
5 ~~allowed, provided that the amount of any net operating loss~~
6 ~~carryover from a taxable year beginning on or after January 1,~~
7 ~~1991 may be excluded only as follows:~~

8 ~~(a) in the case of a timely filed~~
9 ~~return, in the taxable year immediately following the taxable~~
10 ~~year for which the return is filed; or~~

11 ~~(b) in the case of amended returns or~~
12 ~~original returns not timely filed, in the first taxable year~~
13 ~~beginning after the date on which the return or amended return~~
14 ~~establishing the net operating loss is filed; and~~

15 ~~(c) in either case, if the net operating~~
16 ~~loss carryover exceeds the amount of net income exclusive of~~
17 ~~the net operating loss carryover for the taxable year to which~~
18 ~~the exclusion first applies, in the next four succeeding~~
19 ~~taxable years in turn until the net operating loss carryover is~~
20 ~~exhausted; in no event shall a net operating loss carryover be~~
21 ~~excluded in any taxable year after the fourth taxable year~~
22 ~~beginning after the taxable year to which the exclusion first~~
23 ~~applies;~~

24 ~~Ø.] M.~~ "net operating loss" means any net operating
25 loss, as defined by Section 172(c) of the Internal Revenue Code

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1 ~~[as that section may be amended or renumbered]~~ for a taxable
2 year as further increased by the income, if any, from
3 obligations of the United States for that year less related
4 expenses;

5 ~~[P.]~~ N. "net operating loss carryover" means the
6 amount, or any portion of the amount, of a net operating loss
7 for any taxable year that, pursuant to ~~[Paragraph (6) or (7) of~~
8 ~~Subsection N of this section]~~ Subsection D of Section 7-2-4
9 NMSA 1978, may be excluded from base income;

10 ~~[Q.]~~ O. "nonresident" means every individual not a
11 resident of ~~[this state]~~ New Mexico;

12 ~~[R.]~~ ~~"person" means any individual, estate, trust,~~
13 ~~receiver, cooperative association, club, corporation, company,~~
14 ~~firm, partnership, limited liability company, joint venture,~~
15 ~~syndicate or other association; "person" also means, to the~~
16 ~~extent permitted by law, any federal, state or other~~
17 ~~governmental unit or subdivision or agency, department or~~
18 ~~instrumentality thereof;]~~

19 P. "personal exemption" means a taxpayer, a spouse
20 or a dependent that qualifies the taxpayer for a deduction for
21 personal exemptions pursuant to Section 151 of the Internal
22 Revenue Code;

23 ~~[S.]~~ Q. "resident" means an individual who is
24 domiciled in ~~[this state]~~ New Mexico during any part of the
25 taxable year or an individual who is physically present in

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1 ~~[this state]~~ New Mexico for one hundred eighty-five days or
2 more during the taxable year; but any individual, other than
3 someone who was physically present in ~~[the state]~~ New Mexico
4 for one hundred eighty-five days or more during the taxable
5 year, who, on or before the last day of the taxable year,
6 changed the individual's place of abode to a place without
7 ~~[this state]~~ New Mexico with the bona fide intention of
8 continuing actually to abide permanently without ~~[this state]~~
9 New Mexico is not a resident for the purposes of the Income Tax
10 Act for periods after that change of abode;

11 ~~[F.]~~ R. "secretary" means the secretary of taxation
12 and revenue or the secretary's delegate;

13 ~~[U.]~~ S. "state" means any state of the United
14 States, the District of Columbia, the commonwealth of Puerto
15 Rico, any territory or possession of the United States or any
16 political subdivision of a foreign country;

17 ~~[V.]~~ T. "state or local bond" means a bond issued
18 by a state other than New Mexico or by a local government other
19 than one of New Mexico's political subdivisions, the interest
20 from which is excluded from income for federal income tax
21 purposes under Section 103 of the Internal Revenue Code; ~~[as~~
22 ~~that section may be amended or renumbered;~~

23 ~~W.~~ "surviving spouse" means ~~"surviving spouse" as~~
24 ~~generally defined for federal income tax purposes;~~

25 ~~X.]~~ U. "taxable income" means ~~[net income less any~~

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1 ~~lump-sum amount~~] base income plus the additions to base income
2 set forth in Section 7-2-3.1 NMSA 1978 less the exemptions set
3 forth in Sections 7-2-4, 7-2-5.2, 7-2-5.5, 7-2-5.6, 7-2-5.7,
4 7-2-5.9, 7-2-5.10 and 7-2-5.11 NMSA 1978 or any other section
5 of the Income Tax Act creating an exemption effective after
6 June 30, 2009 and less the deductions set forth in Sections
7 7-2-32, 7-2-34, 7-2-36 and 7-2-37 NMSA 1978 or any other
8 section of the Income Tax Act creating a deduction effective
9 after June 30, 2009;

10 [Y-] V. "taxable year" means the calendar year or
11 fiscal year upon the basis of which the [~~net~~] taxable income is
12 computed under the Income Tax Act and includes, in the case of
13 the return made for a fractional part of a year under the
14 provisions of the Income Tax Act, the period for which the
15 return is made; and

16 [Z-] W. "taxpayer" means any individual subject to
17 the tax imposed or eligible for a credit authorized by the
18 Income Tax Act."

19 Section 3. Section 7-2-3 NMSA 1978 (being Laws 1965,
20 Chapter 202, Section 3, as amended) is amended to read:

21 "7-2-3. IMPOSITION AND LEVY OF TAX.--A tax is imposed at
22 the rates specified in the Income Tax Act upon the [~~net~~]
23 taxable income of every resident individual and upon the [~~net~~]
24 taxable income of every nonresident individual employed or
25 engaged in the transaction of business in, into or from [~~this~~

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1 ~~state]~~ New Mexico or deriving any income from any property or
2 employment within [~~this state~~] New Mexico."

3 Section 4. A new section of the Income Tax Act, Section
4 7-2-3.1 NMSA 1978, is enacted to read:

5 "7-2-3.1. [NEW MATERIAL] ADDITIONS TO FEDERAL TAXABLE
6 INCOME OR ADJUSTED GROSS INCOME.--The following amounts shall
7 be added to the taxpayer's federal taxable income or adjusted
8 gross income, as appropriate:

9 A. for taxable years beginning on or after January
10 1, 1991, the amount of the net operating loss deduction allowed
11 by Section 172(a) of the Internal Revenue Code and taken by the
12 taxpayer for that year;

13 B. any other income of the taxpayer not included in
14 base income but upon which a federal tax is calculated pursuant
15 to the Internal Revenue Code for income tax purposes, except
16 amounts for which a calculation of tax is made pursuant to
17 Section 55 of the Internal Revenue Code;

18 C. interest received on a state or local bond; and

19 D. an amount deducted pursuant to Section 7-2-32
20 NMSA 1978 in a prior taxable year if:

21 (1) the amount is transferred to another
22 qualified tuition program, as defined in Section 529 of the
23 Internal Revenue Code, not authorized in the Education Trust
24 Act; or

25 (2) a distribution or refund is made for any

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1 reason other than:

2 (a) to pay for qualified higher
3 education expenses, as defined pursuant to Section 529 of the
4 Internal Revenue Code; or

5 (b) upon the beneficiary's death,
6 disability or receipt of a scholarship."

7 Section 5. Section 7-2-4 NMSA 1978 (being Laws 1965,
8 Chapter 202, Section 4, as amended) is amended to read:

9 "7-2-4. EXEMPTIONS.--No income tax shall be imposed upon:

10 A. the income of a trust organized or created in
11 the United States and forming part of a stock bonus, pension or
12 profit-sharing plan of an employer for the exclusive benefit of
13 [~~his~~] the employer's employees or their beneficiaries, which
14 trust is exempt from taxation under the provisions of the
15 Internal Revenue Code; [~~or~~]

16 B. the income of religious, educational, benevolent
17 or other organizations not organized for profit, which are
18 exempt from income taxation under the Internal Revenue Code
19 except to the extent that such income is subject to federal
20 income taxation as "unrelated business income" under the
21 Internal Revenue Code;

22 C. the income of a taxpayer from:

23 (1) obligations of the United States less
24 expenses incurred to earn that income; or

25 (2) amounts that New Mexico is prohibited from

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1 taxing because of the laws or constitution of New Mexico or the
2 United States constitution; or

3 D. for taxable years beginning on or after January
4 1, 1991, an amount equal to the sum of the net operating loss
5 carryover exemptions to the taxable year that are claimed and
6 allowed; provided, however:

7 (1) that the exemption is only applied:

8 (a) in the case of a timely filed
9 return, in the taxable year immediately following the taxable
10 year for which the return is filed; or

11 (b) in the case of amended returns or
12 original returns not timely filed, in the first taxable year
13 beginning after the date on which the return or amended return
14 establishing the net operating loss is filed; and

15 (2) if the net operating loss carryover
16 exceeds the amount of taxable income exclusive of the net
17 operating loss carryover for the taxable year to which the
18 exemption first applies, the exemption shall be applied in the
19 next four succeeding taxable years in turn until the net
20 operating loss carryover is exhausted; in no event shall a net
21 operating loss carryover be exempted in any taxable year after
22 the fourth taxable year beginning after the taxable year to
23 which the exemption first applies."

24 Section 6. Section 7-2-5.2 NMSA 1978 (being Laws 1985,
25 Chapter 114, Section 1, as amended) is amended to read:

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1 "7-2-5.2. EXEMPTION--INCOME OF PERSONS SIXTY-FIVE AND
2 OLDER OR BLIND.--

3 A. Any individual sixty-five years of age or older
4 or who, for federal income tax purposes, is blind may claim an
5 exemption in an amount specified in Subsections [A] B through
6 [C] D of this section not to exceed eight thousand dollars
7 (\$8,000) of income includable except for this exemption in
8 [~~net~~] taxable income. [~~Individuals having income both within~~
9 ~~and without this state shall apportion this exemption in~~
10 ~~accordance with regulations of the secretary.~~

11 ~~A.]~~ B. For married individuals filing separate
12 returns, for any taxable year beginning on or after January 1,
13 1987:

14	The maximum amount of	
15	If adjusted	exemption allowable under
16	gross income is:	this section shall be:
17	Not over \$15,000	\$8,000
18	Over \$15,000 but not over \$16,500	\$7,000
19	Over \$16,500 but not over \$18,000	\$6,000
20	Over \$18,000 but not over \$19,500	\$5,000
21	Over \$19,500 but not over \$21,000	\$4,000
22	Over \$21,000 but not over \$22,500	\$3,000
23	Over \$22,500 but not over \$24,000	\$2,000
24	Over \$24,000 but not over \$25,500	\$1,000
25	Over \$25,500	0.

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1 ~~[B-]~~ C. For heads of household, surviving spouses and
2 married individuals filing joint returns, for any taxable year
3 beginning on or after January 1, 1987:

4		The maximum amount of
5	If adjusted	exemption allowable under
6	gross income is:	this section shall be:
7	Not over \$30,000	\$8,000
8	Over \$30,000 but not over \$33,000	\$7,000
9	Over \$33,000 but not over \$36,000	\$6,000
10	Over \$36,000 but not over \$39,000	\$5,000
11	Over \$39,000 but not over \$42,000	\$4,000
12	Over \$42,000 but not over \$45,000	\$3,000
13	Over \$45,000 but not over \$48,000	\$2,000
14	Over \$48,000 but not over \$51,000	\$1,000
15	Over \$51,000	0.

16 ~~[G-]~~ D. For single individuals, for any taxable year
17 beginning on or after January 1, 1987:

18		The maximum amount of
19	If adjusted	exemption allowable under
20	gross income is:	this section shall be:
21	Not over \$18,000	\$8,000
22	Over \$18,000 but not over \$19,500	\$7,000
23	Over \$19,500 but not over \$21,000	\$6,000
24	Over \$21,000 but not over \$22,500	\$5,000
25	Over \$22,500 but not over \$24,000	\$4,000

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1 Over \$24,000 but not over \$25,500 \$3,000
2 Over \$25,500 but not over \$27,000 \$2,000
3 Over \$27,000 but not over \$28,500 \$1,000
4 Over \$28,500 0."

5 Section 7. Section 7-2-5.5 NMSA 1978 (being Laws 1995,
6 Chapter 42, Section 1) is amended to read:

7 "7-2-5.5. EXEMPTION--EARNINGS BY INDIANS, THEIR INDIAN
8 SPOUSES AND INDIAN DEPENDENTS ON INDIAN LANDS.--An individual
9 may claim an exemption of income includable in taxable income,
10 except for this exemption, in an amount equal to the income
11 earned by a member of a New Mexico federally recognized Indian
12 nation, tribe [band] or pueblo, [his] the member's spouse or
13 dependent, who is a member of a New Mexico federally recognized
14 Indian nation, tribe [band] or pueblo, [is exempt from state
15 income tax] if the income is earned from work performed within,
16 and the member, spouse or dependent lives within, the boundaries
17 of the Indian member's or the spouse's reservation or pueblo
18 grant or within the boundaries of lands held in trust by the
19 United States for the benefit of the member or spouse or [his]
20 the member's or spouse's nation, tribe [band] or pueblo, subject
21 to restriction against alienation imposed by the United States."

22 Section 8. Section 7-2-5.6 NMSA 1978 (being Laws 1995,
23 Chapter 93, Section 8) is amended to read:

24 "7-2-5.6. EXEMPTION--MEDICAL CARE SAVINGS ACCOUNTS.--
25 Except as provided in Section [~~6 of this act~~] 59A-23D-6 NMSA

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1 1978, an individual may claim an exemption of income includable
2 in taxable income, except for this exemption in an amount equal
3 to employer and employee contributions to medical care savings
4 accounts established pursuant to the Medical Care Savings
5 Account Act, the interest earned on those accounts and money
6 reimbursed to an employee for eligible medical expenses from
7 those accounts or money advanced to the employee by the employer
8 for eligible medical expenses pursuant to that act [~~are exempt~~
9 ~~from taxation~~]."

10 Section 9. Section 7-2-5.7 NMSA 1978 (being Laws 2002,
11 Chapter 58, Section 1) is amended to read:

12 "7-2-5.7. EXEMPTION--INCOME OF INDIVIDUALS ONE HUNDRED
13 YEARS OF AGE OR OLDER.--~~[The income of]~~ An individual who is a
14 natural person, who is one hundred years of age or older and who
15 is not a dependent of another individual [~~is exempt from state~~
16 ~~income tax~~] may claim an exemption of all income includable in
17 taxable income except for this exemption."

18 Section 10. Section 7-2-5.9 NMSA 1978 (being Laws 2005,
19 Chapter 104, Section 6) is amended to read:

20 "7-2-5.9. EXEMPTION--UNREIMBURSED OR UNCOMPENSATED MEDICAL
21 CARE EXPENSES OF INDIVIDUALS SIXTY-FIVE YEARS OF AGE OR OLDER.--

22 A. Any individual sixty-five years of age or older may
23 claim an additional exemption from income includable in taxable
24 income, except for this exemption, [~~in net income~~] in an amount
25 equal to three thousand dollars (\$3,000) for medical care

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1 expenses paid by the individual for that individual or for the
2 individual's spouse or dependent during the taxable year if
3 those medical care expenses exceed twenty-eight thousand dollars
4 (\$28,000) and if the medical care expenses are not reimbursed or
5 compensated for by insurance or otherwise.

6 B. As used in this section:

7 [~~(1)~~] "~~dependent~~" means "~~dependent~~" as defined in
8 ~~Section 152 of the Internal Revenue Code;~~

9 ~~(2)~~] (1) "health care facility" means a hospital,
10 outpatient facility, diagnostic and treatment center,
11 rehabilitation center, freestanding hospice or other similar
12 facility at which medical care is provided;

13 [~~(3)~~] (2) "medical care" means the diagnosis,
14 cure, mitigation, treatment or prevention of disease or for the
15 purpose of affecting any structure or function of the body;

16 [~~(4)~~] (3) "medical care expenses" means amounts
17 paid for:

18 (a) the diagnosis, cure, mitigation,
19 treatment or prevention of disease or for the purpose of
20 affecting any structure or function of the body if provided by a
21 physician or in a health care facility;

22 (b) prescribed drugs or insulin;

23 (c) qualified long-term care services as
24 defined in Section 7702B(c) of the Internal Revenue Code;

25 (d) insurance covering medical care,

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underscored material = new
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1 including amounts paid as premiums under Part B of Title 18 of
2 the Social Security Act or for a qualified long-term care
3 insurance contract defined in Section 7702B(b) of the Internal
4 Revenue Code, if the insurance or other amount is paid from
5 income included in the taxpayer's adjusted gross income for the
6 taxable year;

7 (e) specialized treatment or the use of
8 special therapeutic devices if the treatment or device is
9 prescribed by a physician and the patient can show that the
10 expense was incurred primarily for the prevention or alleviation
11 of a physical or mental defect or illness; and

12 (f) care in an institution other than a
13 hospital, such as a sanitarium or rest home, if the principal
14 reason for the presence of the person in the institution is to
15 receive the medical care available; provided that if the meals
16 and lodging are furnished as a necessary part of such care, the
17 cost of the meals and lodging are "medical care expenses";

18 [~~(5)~~] (4) "physician" means a medical doctor,
19 osteopathic physician, dentist, podiatrist, chiropractic
20 physician or psychologist licensed or certified to practice in
21 New Mexico; and

22 [~~(6)~~] (5) "prescribed drug" means a drug or
23 biological that requires a prescription of a physician for its
24 use by an individual."

25 Section 11. Section 7-2-5.10 NMSA 1978 (being Laws 2006,
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1 Chapter 50, Section 1) is amended to read:

2 "7-2-5.10. EXEMPTION--NEW MEXICO NATIONAL GUARD MEMBER
3 PREMIUMS PAID FOR GROUP LIFE INSURANCE.--An individual who
4 receives reimbursement from the service members' life insurance
5 reimbursement fund may claim an exemption in the amount of that
6 reimbursement, from income includable in taxable income, except
7 for this exemption [~~in net income~~]."

8 Section 12. Section 7-2-5.11 NMSA 1978 (being Laws 2007,
9 Chapter 45, Section 11) is amended to read:

10 "7-2-5.11. EXEMPTION--ARMED FORCES SALARIES.--An
11 individual may claim an exemption of income includable in
12 taxable income, except for this exemption, in an amount equal to
13 a salary paid by the United States to a taxpayer for active duty
14 service in the armed forces of the United States [~~is exempt from~~
15 ~~state income taxation~~]."

16 Section 13. Section 7-2-7 NMSA 1978 (being Laws 2005,
17 Chapter 104, Section 4) is amended to read:

18 "7-2-7. INDIVIDUAL INCOME TAX [RATES] RATE.--The tax
19 imposed by Section 7-2-3 NMSA 1978 shall be imposed at the
20 [~~following rates for any~~] rate of four and nine-tenths percent
21 of taxable income for a taxable year beginning on or after
22 January 1, [~~2008~~]:

23 A. ~~For married individuals filing separate returns:~~

24 ~~If the taxable income is: The tax shall be:~~

25 ~~Not over \$4,000 1.7% of taxable income~~

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1 ~~Over \$ 4,000 but not over \$ 8,000 \$ 68.00 plus 3.2% of excess~~
2 ~~over \$ 4,000~~

3 ~~Over \$ 8,000 but not over \$ 12,000 \$ 196 plus 4.7% of excess~~
4 ~~over \$ 8,000~~

5 ~~Over \$ 12,000 \$ 384 plus 4.9% of excess~~
6 ~~over \$ 12,000.~~

7 ~~B. For heads of household, surviving spouses and~~
8 ~~married individuals filing joint returns:~~

9 ~~If the taxable income is: The tax shall be:~~

10 ~~Not over \$8,000 1.7% of taxable income~~

11 ~~Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of~~
12 ~~excess over \$ 8,000~~

13 ~~Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of~~
14 ~~excess over \$ 16,000~~

15 ~~Over \$ 24,000 \$ 768 plus 4.9% of excess~~
16 ~~over \$ 24,000.~~

17 ~~C. For single individuals and for estates and trusts:~~

18 ~~If the taxable income is: The tax shall be:~~

19 ~~Not over \$5,500 1.7% of taxable income~~

20 ~~Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of~~
21 ~~excess over \$ 5,500~~

22 ~~Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of~~
23 ~~excess over \$ 11,000~~

24 ~~Over \$ 16,000 \$ 504.50 plus 4.9% of~~
25 ~~excess over \$ 16,000.~~

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underscored material = new
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1 D. ~~The tax on the sum of any lump-sum amounts included~~
2 ~~in net income is an amount equal to five multiplied by the~~
3 ~~difference between:~~

4 (1) ~~the amount of tax due on the taxpayer's~~
5 ~~taxable income; and~~

6 (2) ~~the amount of tax that would be due on an~~
7 ~~amount equal to the taxpayer's taxable income and twenty percent~~
8 ~~of the taxpayer's lump-sum amounts included in net income]~~

9 2009."

10 Section 14. Section 7-2-7.1 NMSA 1978 (being Laws 1980,
11 Chapter 102, Section 1, as amended) is amended to read:

12 "7-2-7.1. TAX TABLES.--In lieu of the tax rate
13 [~~computations~~] computation required in Section 7-2-7 NMSA 1978
14 and the credit computations required in Section 7-2-7.4 NMSA
15 1978, the secretary may adopt regulations requiring taxpayers to
16 pay taxes in accordance with tax rate tables and to claim the
17 credit in accordance with the credit tables. The tax and credit
18 tables may be established either by regulation or by
19 instruction, but shall be computed substantially on the basis of
20 the [~~rates~~] rate prescribed in Section 7-2-7 NMSA 1978 and the
21 credit authorized in Section 7-2-7.4 NMSA 1978. The secretary
22 may, by regulation or instruction, exclude from the application
23 of this section taxpayers having [~~net~~] taxable incomes in excess
24 of an amount to be determined by the secretary and may exclude
25 taxpayers in any [~~net-income~~] taxable-income class having more

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1 personal exemptions than the number of personal exemptions
2 specified by the secretary for that category."

3 Section 15. A new section of the Income Tax Act, Section
4 7-2-7.4 NMSA 1978, is enacted to read:

5 "7-2-7.4. [NEW MATERIAL] TAX CREDIT--CREDIT FOR
6 EXEMPTIONS, DEDUCTIONS, RATE BRACKETS AND STATE AND LOCAL
7 TAXES.--

8 A. A taxpayer who files an individual New Mexico
9 income tax return may claim a credit in an amount equal to the
10 sum of the amounts determined under Subsections B through E of
11 this section, subject to the limitation imposed by Subsection G
12 of this section.

13 B. A taxpayer who files an individual New Mexico
14 income tax return and is not a trust, estate or dependent of
15 another taxpayer may claim a credit in an amount determined
16 under Paragraphs (1) through (5) of this subsection according to
17 the taxpayer's filing status reduced by the amount determined
18 under Paragraph (6) of this subsection.

19 (1) For married individuals filing separate
20 returns with no dependents:

21 If taxable income is:	The credit shall be:
22 Not over \$9,225	\$0.00 plus 4.90% of
23	the excess over \$0.00
24 Over \$9,225 but not over \$13,225	\$452.03 plus 3.20% of
25	the excess over \$9,225

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1	Over \$13,225 but not over \$17,225	\$580.03 plus 1.70% of
2		the excess over \$13,225
3	Over \$17,225 but not over \$21,225	\$648.03 plus 0.20% of
4		the excess over \$17,225
5	Over \$21,225	\$656.03.

6 For each dependent of the taxpayer, the taxable income
7 amounts in the table shall all be increased by the increment
8 amount and the percentages in the table used to determine the
9 credit at all taxable income levels.

10 (2) For surviving spouses with no dependents:

11	If taxable income is:	The credit shall be:
12	Not over \$14,800	\$0.00 plus 4.90% of
13		the excess over \$0.00
14	Over \$14,800 but not over \$22,800	\$725.20 plus 3.20% of
15		the excess over \$14,800
16	Over \$22,800 but not over \$30,800	\$981.20 plus 1.70% of
17		the excess over \$22,800
18	Over \$30,800 but not over \$38,800	\$1,117.20 plus 0.20% of
19		the excess over \$30,800
20	Over \$38,800	\$1,133.20.

21 For each dependent of the taxpayer, the taxable income
22 amounts in the table shall all be increased by the increment
23 amount and the percentages in the table used to determine the
24 credit at all taxable income levels.

25 (3) For married individuals filing joint

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1 returns with no dependents:

2	If taxable income is:	The credit shall be:
3	Not over \$18,450	\$0.00 plus 4.90% of
4		the excess over \$0.00
5	Over \$18,450 but not over \$26,450	\$940.05 plus 3.20% of
6		the excess over \$18,450
7	Over \$26,450 but not over \$34,450	\$1,160.05 plus 1.70% of
8		the excess over \$26,450
9	Over \$34,450 but not over \$42,450	\$1,296.05 plus 0.20% of
10		the excess over \$34,450
11	Over \$42,450	\$1,312.05.

12 For each dependent of the taxpayer, the taxable income
13 amounts in the table shall all be increased by the increment
14 amount and the percentages in the table shall be used to
15 determine the credit at all taxable income levels.

16 (4) For single individuals with no dependents:

17	If taxable income is:	The credit shall be:
18	Not over \$9,225	\$0.00 plus 4.90% of
19		the excess over \$0.00
20	Over \$9,225 but not over \$14,725	\$452.03 plus 3.20% of
21		the excess over \$9,225
22	Over \$14,725 but not over \$20,225	\$628.03 plus 1.70% of
23		the excess over \$14,725
24	Over \$20,225 but not over \$25,225	\$721.53 plus 0.20% of
25		the excess over \$20,225

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1 Over \$25,225 \$731.53.

2 For each dependent of the taxpayer, the taxable income
3 amounts in the table shall all be increased by the increment
4 amount and the percentages in the table used to determine the
5 credit at all taxable income levels.

6 (5) For heads of household with no dependents:

7 If taxable income is:	The credit shall be:
8 Not over \$11,825	\$0.00 plus 4.90% of
9	the excess over \$0.00
10 Over \$11,825 but not over \$19,825	\$579.43 plus 3.20% of
11	the excess over \$11,825
12 Over \$19,825 but not over \$27,825	\$835.43 plus 1.70% of
13	the excess over \$19,825
14 Over \$27,825 but not over \$35,825	\$971.43 plus 0.20% of
15	the excess over \$27,825
16 Over \$35,825	\$987.43.

17 For each dependent of the taxpayer, the taxable income
18 amounts in the table shall all be increased by the increment
19 amount and the percentages in the table used to determine the
20 credit at all taxable income levels.

21 (6) For 2009, the amount of the credit
22 determined under Paragraphs (1) through (5) of this subsection
23 shall be reduced, but not below zero, by the amount equal to the
24 product of four and nine-tenths percent and the amount of the
25 reduction in the deduction for personal exemptions determined
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1 pursuant to Section 151(d)(3) of the Internal Revenue Code.

2 (7) For purposes of this subsection, the
3 increment amount is three thousand six hundred fifty dollars
4 (\$3,650).

5 (8) For 2010 and subsequent years, the taxable
6 income amounts in the tables in Paragraphs (1) through (5) of
7 this subsection and the increment amount in Paragraph (7) of
8 this subsection shall be indexed for inflation under the
9 provisions of Section 7-1-83 NMSA 1978 using 2009 as the base
10 year, and the credit amounts at each taxable income level in
11 each table shall be recomputed using the percentages in the
12 table.

13 C. A taxpayer who files an individual New Mexico
14 income tax return and is a trust, estate or dependent of another
15 taxpayer may claim a credit in the following amount:

16 If taxable income is:	The credit shall be:
17 Not over \$5,500	\$0.00 plus 3.20% of
18	the excess over \$0.00
19 Over \$5,500 but not over \$11,000	\$176.00 plus 1.70% of
20	the excess over \$5,500
21 Over \$11,000 but not over \$16,000	\$269.50 plus 0.20% of
22	the excess over \$11,000
23 Over \$16,000	\$279.50.

24 For 2010 and subsequent years, the taxable income amounts
25 in the table shall be indexed for inflation under the provisions
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1 of Section 7-1-83 NMSA 1978 using 2009 as the base year, and the
2 credit amounts at each taxable income level shall be recomputed
3 using the percentages in the table.

4 D. A taxpayer who files an individual New Mexico
5 income tax return and is not a trust, estate or dependent of
6 another taxpayer may claim a credit in an amount determined
7 under Paragraphs (1) through (5) of this subsection according to
8 the taxpayer's filing status.

9 (1) For married individuals filing separate
10 returns with:

11 (a) one personal exemption:

12 If taxable income is:	The credit shall be:
13 Not over \$9,350	\$0.00
14 Over \$9,350 but not over \$11,850	\$0.00 plus 1.70% of
15	the excess over \$9,350
16 Over \$11,850 but not over \$13,350	\$42.50 plus 0.00% of
17	the excess over \$11,850
18 Over \$13,350 but not over \$15,000	\$42.50 plus 1.50% of
19	the excess over \$13,350
20 Over \$15,000 but not over \$15,710	\$67.25 plus 1.16% of
21	the excess over \$15,000
22 Over \$15,710 but not over \$17,350	\$75.49 less 0.64% of
23	the excess over \$15,710
24 Over \$17,350 but not over \$19,040	\$64.99 plus 0.86% of
25	the excess over \$17,350

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1 Over \$19,040 but not over \$21,350 \$79.52 less 0.94% of
2 the excess over \$19,040
3 Over \$21,350 but not over \$22,380 \$57.81 less 0.74% of
4 the excess over \$21,350
5 Over \$22,380 but not over \$27,501 \$50.19 less 0.98% of
6 the excess over \$22,380
7 Over \$27,501 \$0.00;

8 (b) two personal exemptions:

9 If taxable income is: The credit shall be:
10 Not over \$13,000 \$0.00
11 Over \$13,000 but not over \$17,140 \$0.00 plus 1.70% of
12 the excess over \$13,000
13 Over \$17,140 but not over \$20,000 \$70.38 plus 0.82% of
14 the excess over \$17,140
15 Over \$20,000 but not over \$21,000 \$98.83 less 1.28% of
16 the excess over \$20,000
17 Over \$21,000 but not over \$22,860 \$81.03 plus 0.22% of
18 the excess over \$21,000
19 Over \$22,860 but not over \$25,000 \$85.12 less 1.88% of
20 the excess over \$22,860
21 Over \$25,000 but not over \$25,710 \$44.89 less 1.68% of
22 the excess over \$25,000
23 Over \$25,710 but not over \$27,392 \$32.96 less 1.96% of
24 the excess over \$25,710
25 Over \$27,392 \$0.00;

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(c) three personal exemptions:

If taxable income is:	The credit shall be:
Not over \$16,650	\$0.00
Over \$16,650 but not over \$20,720	\$0.00 plus 1.70% of the excess over \$16,650
Over \$20,720 but not over \$23,220	\$69.19 plus 0.48% of the excess over \$20,720
Over \$23,220 but not over \$24,650	\$81.19 less 1.92% of the excess over \$23,220
Over \$24,650 but not over \$25,720	\$53.73 less 0.42% of the excess over \$24,650
Over \$25,720 but not over \$27,466	\$49.24 less 2.82% of the excess over \$25,720
Over \$27,466	\$0.00;

(d) four personal exemptions:

If taxable income is:	The credit shall be:
Not over \$20,300	\$0.00
Over \$20,300 but not over \$23,500	\$0.00 plus 1.70% of the excess over \$20,300
Over \$23,500 but not over \$24,300	\$54.40 less 1.36% of the excess over \$23,500
Over \$24,300 but not over \$25,720	\$43.52 plus 0.14% of the excess over \$24,300
Over \$25,720 but not over \$27,498	\$45.51 less 2.56% of the excess over \$25,720

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underscored material = new
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1 Over \$27,498 \$0.00;
2 (e) five personal exemptions:
3 If taxable income is: The credit shall be:
4 Not over \$23,950 \$0.00
5 Over \$23,950 but not over \$25,730 \$0.00 plus 1.70% of
6 the excess over \$23,950
7 Over \$25,730 but not over \$27,510 \$30.26 less 1.70% of
8 the excess over \$25,730
9 Over \$27,510 \$0.00; and

10 (f) six or more personal exemptions, the
11 credit is zero dollars (\$0.00).

12 (2) For surviving spouses with:
13 (a) one personal exemption:

14 If taxable income is: The credit shall be:
15 Not over \$15,050 \$0.00
16 Over \$15,050 but not over \$17,550 \$0.00 plus 1.70% of
17 the excess over \$15,050
18 Over \$17,550 but not over \$23,050 \$42.50 plus 0.00% of
19 the excess over \$17,550
20 Over \$23,050 but not over \$25,550 \$42.50 plus 1.50% of
21 the excess over \$23,050
22 Over \$25,550 but not over \$30,000 \$80.00 plus 0.00% of
23 the excess over \$25,550
24 Over \$30,000 but not over \$31,050 \$80.00 less 0.32% of
25 the excess over \$30,000

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underscored material = new
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1 Over \$31,050 but not over \$33,230 \$76.64 plus 1.18% of
2 the excess over \$31,050
3 Over \$33,230 but not over \$39,050 \$102.36 less 0.47% of
4 the excess over \$33,230
5 Over \$39,050 but not over \$40,500 \$75.01 less 0.27% of
6 the excess over \$39,050
7 Over \$40,500 but not over \$55,009 \$71.10 less 0.49% of
8 the excess over \$40,500
9 Over \$55,009 \$0.00;

10 (b) two personal exemptions:

11 If taxable income is: The credit shall be:
12 Not over \$18,700 \$0.00
13 Over \$18,700 but not over \$23,700 \$0.00 plus 1.70% of
14 the excess over \$18,700
15 Over \$23,700 but not over \$26,700 \$85.00 plus 0.00% of
16 the excess over \$23,700
17 Over \$26,700 but not over \$30,000 \$85.00 plus 1.50% of
18 the excess over \$26,700
19 Over \$30,000 but not over \$31,420 \$134.50 plus 1.16% of
20 the excess over \$30,000
21 Over \$31,420 but not over \$34,700 \$150.97 less 0.64% of
22 the excess over \$31,420
23 Over \$34,700 but not over \$38,080 \$129.98 plus 0.86% of
24 the excess over \$34,700
25 Over \$38,080 but not over \$42,700 \$159.05 less 0.94% of

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underscored material = new
[bracketed material] = delete

1 the excess over \$38,080
2 Over \$42,700 but not over \$44,750 \$115.62 less 0.74% of
3 the excess over \$42,700
4 Over \$44,750 but not over \$55,000 \$100.45 less 0.98% of
5 the excess over \$44,750
6 Over \$55,000 \$0.00;

7 (c) three personal exemptions:

8 If taxable income is: The credit shall be:
9 Not over \$22,350 \$0.00
10 Over \$22,350 but not over \$30,000 \$0.00 plus 1.70% of
11 the excess over \$22,350
12 Over \$30,000 but not over \$30,350 \$130.05 less 0.51% of
13 the excess over \$30,000
14 Over \$30,350 but not over \$36,040 \$128.27 plus 0.99% of
15 the excess over \$30,350
16 Over \$36,040 but not over \$38,350 \$184.60 less 0.96% of
17 the excess over \$36,040
18 Over \$38,350 but not over \$42,190 \$162.42 plus 0.54% of
19 the excess over \$38,350
20 Over \$42,190 but not over \$46,350 \$183.16 less 1.41% of
21 the excess over \$42,190
22 Over \$46,350 but not over \$48,350 \$124.50 less 1.21% of
23 the excess over \$46,350
24 Over \$48,350 but not over \$55,173 \$100.30 less 1.47% of
25 the excess over \$48,350

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underscored material = new
[bracketed material] = delete

1 Over \$55,173 \$0.00;

2 (d) four personal exemptions:

3 If taxable income is: The credit shall be:

4 Not over \$26,000 \$0.00

5 Over \$26,000 but not over \$34,000 \$0.00 plus 1.70% of
6 the excess over \$26,000

7 Over \$34,000 but not over \$34,290 \$136.00 plus 3.20% of
8 the excess over \$34,000

9 Over \$34,290 but not over \$40,000 \$145.28 plus 0.82% of
10 the excess over \$34,290

11 Over \$40,000 but not over \$42,000 \$192.10 less 1.28% of
12 the excess over \$40,000

13 Over \$42,000 but not over \$45,710 \$166.50 plus 0.22% of
14 the excess over \$42,000

15 Over \$45,710 but not over \$50,000 \$174.66 less 1.88% of
16 the excess over \$45,710

17 Over \$50,000 but not over \$51,430 \$94.01 less 1.68% of
18 the excess over \$50,000

19 Over \$51,430 but not over \$55,001 \$69.99 less 1.96% of
20 the excess over \$51,430

21 Over \$55,001 \$0.00;

22 (e) five personal exemptions:

23 If taxable income is: The credit shall be:

24 Not over \$29,650 \$0.00

25 Over \$29,650 but not over \$37,650 \$0.00 plus 1.70% of

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underscored material = new
[bracketed material] = delete

1 the excess over \$29,650
2 Over \$37,650 but not over \$38,100 \$136.00 plus 3.20% of
3 the excess over \$37,650
4 Over \$38,100 but not over \$43,430 \$150.40 plus 0.65% of
5 the excess over \$38,100
6 Over \$43,430 but not over \$45,650 \$185.05 less 1.60% of
7 the excess over \$43,430
8 Over \$45,650 but not over \$48,770 \$149.53 less 0.10% of
9 the excess over \$45,650
10 Over \$48,770 but not over \$53,650 \$146.41 less 2.35% of
11 the excess over \$48,770
12 Over \$53,650 but not over \$54,100 \$31.73 less 2.15% of
13 the excess over \$53,650
14 Over \$54,100 but not over \$55,000 \$22.05 less 2.45% of
15 the excess over \$54,100
16 Over \$55,000 \$0.00;

17 (f) six personal exemptions:

18 If taxable income is: The credit shall be:
19 Not over \$33,300 \$0.00
20 Over \$33,300 but not over \$41,440 \$0.00 plus 1.70% of
21 the excess over \$33,300
22 Over \$41,440 but not over \$46,440 \$138.38 plus 0.48% of
23 the excess over \$41,440
24 Over \$46,440 but not over \$49,300 \$162.38 less 1.92% of
25 the excess over \$46,440

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underscored material = new
[bracketed material] = delete

1 Over \$49,300 but not over \$51,440 \$107.47 less 0.42% of
2 the excess over \$49,300
3 Over \$51,440 but not over \$54,932 \$98.48 less 2.82% of
4 the excess over \$51,440
5 Over \$54,932 \$0.00;

6 (g) seven personal exemptions:

7 If taxable income is: The credit shall be:
8 Not over \$36,950 \$0.00
9 Over \$36,950 but not over \$44,380 \$0.00 plus 1.70% of
10 the excess over \$36,950
11 Over \$44,380 but not over \$44,950 \$126.31 less 1.19% of
12 the excess over \$44,380
13 Over \$44,950 but not over \$49,090 \$119.53 plus 0.31% of
14 the excess over \$44,950
15 Over \$49,090 but not over \$52,950 \$132.36 less 2.24% of
16 the excess over \$49,090
17 Over \$52,950 but not over \$53,790 \$45.90 less 0.74% of
18 the excess over \$52,950
19 Over \$53,790 but not over \$54,996 \$39.68 less 3.29% of
20 the excess over \$53,790
21 Over \$54,996 \$0.00; and

22 (h) eight or more personal exemptions:

23 If taxable income is: The credit shall be:
24 Not over \$40,600 \$0.00
25 Over \$40,600 but not over \$47,000 \$0.00 plus 1.70% of

.174438.3GR

underscored material = new
[bracketed material] = delete

1 the excess over \$40,600
2 Over \$47,000 but not over \$48,600 \$108.80 less 1.36% of
3 the excess over \$47,000
4 Over \$48,600 but not over \$51,440 \$87.04 plus 0.14% of
5 the excess over \$48,600
6 Over \$51,440 but not over \$54,995 \$91.02 less 2.56% of
7 the excess over \$51,440
8 Over \$54,995 \$0.00.

9 (3) For married individuals filing joint
10 returns with:

11 (a) two personal exemptions:

12 If taxable income is:	The credit shall be:
13 Not over \$18,700	\$0.00
14 Over \$18,700 but not over \$23,700	\$0.00 plus 1.70% of
15	the excess over \$18,700
16 Over \$23,700 but not over \$26,700	\$85.00 plus 0.00% of
17	the excess over \$23,700
18 Over \$26,700 but not over \$30,000	\$85.00 plus 1.50% of
19	the excess over \$26,700
20 Over \$30,000 but not over \$31,420	\$134.50 plus 1.16% of
21	the excess over \$30,000
22 Over \$31,420 but not over \$34,700	\$150.97 less 0.64% of
23	the excess over \$31,420
24 Over \$34,700 but not over \$38,080	\$129.98 plus 0.86% of
25	the excess over \$34,700

.174438.3GR

underscored material = new
[bracketed material] = delete

1 Over \$38,080 but not over \$42,700 \$159.05 less 0.94% of
2 the excess over \$38,080
3 Over \$42,700 but not over \$44,750 \$115.62 less 0.74% of
4 the excess over \$42,700
5 Over \$44,750 but not over \$55,000 \$100.45 less 0.98% of
6 the excess over \$44,750
7 Over \$55,000 \$0.00;

8 (b) three personal exemptions:

9 If taxable income is: The credit shall be:
10 Not over \$22,350 \$0.00
11 Over \$22,350 but not over \$30,000 \$0.00 plus 1.70% of
12 the excess over \$22,350
13 Over \$30,000 but not over \$30,350 \$130.50 less 0.51% of
14 the excess over \$30,000
15 Over \$30,350 but not over \$36,040 \$128.27 plus 0.99% of
16 the excess over \$30,350
17 Over \$36,040 but not over \$38,350 \$184.60 less 0.96% of
18 the excess over \$36,040
19 Over \$38,350 but not over \$42,190 \$162.42 plus 0.54% of
20 the excess over \$38,350
21 Over \$42,190 but not over \$46,350 \$183.16 less 1.41% of
22 the excess over \$42,190
23 Over \$46,350 but not over \$48,350 \$124.50 less 1.21% of
24 the excess over \$46,350
25 Over \$48,350 but not over \$55,173 \$100.30 less 1.47% of

.174438.3GR

underscored material = new
[bracketed material] = delete

1 the excess over \$48,350

2 Over \$55,173 \$0.00;

3 (c) four personal exemptions:

4 If taxable income is: The credit shall be:

5 Not over \$26,000 \$0.00

6 Over \$26,000 but not over \$34,000 \$0.00 plus 1.70% of
7 the excess over \$26,000

8 Over \$34,000 but not over \$34,290 \$136.00 plus 3.20% of
9 the excess over \$34,000

10 Over \$34,290 but not over \$40,000 \$145.28 plus 0.82% of
11 the excess over \$34,290

12 Over \$40,000 but not over \$42,000 \$192.10 less 1.28% of
13 the excess over \$40,000

14 Over \$42,000 but not over \$45,710 \$166.50 plus 0.22% of
15 the excess over \$42,000

16 Over \$45,710 but not over \$50,000 \$174.66 less 1.88% of
17 the excess over \$45,710

18 Over \$50,000 but not over \$51,430 \$94.01 less 1.68% of
19 the excess over \$50,000

20 Over \$51,430 but not over \$55,001 \$69.99 less 1.96% of
21 the excess over \$51,430

22 Over \$55,001 \$0.00;

23 (d) five personal exemptions:

24 If taxable income is: The credit shall be:

25 Not over \$29,650 \$0.00

.174438.3GR

underscored material = new
[bracketed material] = delete

1	Over \$29,650 but not over \$37,650	\$0.00 plus 1.70% of
2		the excess over \$29,650
3	Over \$37,650 but not over \$38,100	\$136.00 plus 3.20% of
4		the excess over \$37,650
5	Over \$38,100 but not over \$43,430	\$150.40 plus 0.65% of
6		the excess over \$38,100
7	Over \$43,430 but not over \$45,650	\$185.05 less 1.60% of
8		the excess over \$43,430
9	Over \$45,650 but not over \$48,770	\$149.53 less 0.10% of
10		the excess over \$45,650
11	Over \$48,770 but not over \$53,650	\$146.41 less 2.35% of
12		the excess over \$48,770
13	Over \$53,650 but not over \$54,100	\$31.73 less 2.15% of
14		the excess over \$53,650
15	Over \$54,100 but not over \$55,000	\$22.05 less 2.45% of
16		the excess over \$54,100
17	Over \$55,000	\$0.00;

(e) six personal exemptions:

19	If taxable income is:	The credit shall be:
20	Not over \$33,300	\$0.00
21	Over \$33,300 but not over \$41,300	\$0.00 plus 1.70% of
22		the excess over \$33,300
23	Over \$41,300 but not over \$41,440	\$136.00 plus 3.20% of
24		the excess over \$41,300
25	Over \$41,440 but not over \$46,440	\$140.48 plus 0.48% of

.174438.3GR

1 the excess over \$41,440
2 Over \$46,440 but not over \$49,300 \$164.48 less 1.92% of
3 the excess over \$46,440
4 Over \$49,300 but not over \$51,440 \$109.57 less 0.42% of
5 the excess over \$49,300
6 Over \$51,440 but not over \$55,007 \$100.58 less 2.82% of
7 the excess over \$51,440
8 Over \$55,007 \$0.00;

9 (f) seven personal exemptions:

10 If taxable income is: The credit shall be:
11 Not over \$36,950 \$0.00
12 Over \$36,950 but not over \$44,380 \$0.00 plus 1.70% of
13 the excess over \$36,950
14 Over \$44,380 but not over \$44,950 \$126.31 less 1.19% of
15 the excess over \$44,380
16 Over \$44,950 but not over \$49,090 \$119.53 plus 0.31% of
17 the excess over \$44,950
18 Over \$49,090 but not over \$52,950 \$132.36 less 2.24% of
19 the excess over \$49,090
20 Over \$52,950 but not over \$53,790 \$45.90 less 0.74% of
21 the excess over \$52,950
22 Over \$53,790 but not over \$54,996 \$39.68 less 3.29% of
23 the excess over \$53,790
24 Over \$54,996 \$0.00;

25 (g) eight personal exemptions:

.174438.3GR

underscored material = new
[bracketed material] = delete

1	If taxable income is:	The credit shall be:
2	Not over \$40,600	\$0.00
3	Over \$40,600 but not over \$47,000	\$0.00 plus 1.70% of
4		the excess over \$40,600
5	Over \$47,000 but not over \$48,600	\$108.80 less 1.36% of
6		the excess over \$47,000
7	Over \$48,600 but not over \$51,440	\$87.04 plus 0.14% of
8		the excess over \$48,600
9	Over \$51,440 but not over \$54,995	\$91.02 less 2.56% of
10		the excess over \$51,440
11	Over \$54,995	\$0.00; and

(h) nine or more personal exemptions:

13	If taxable income is:	The credit shall be:
14	Not over \$44,250	\$0.00
15	Over \$44,250 but not over \$49,340	\$0.00 plus 1.70% of
16		the excess over \$44,250
17	Over \$49,340 but not over \$52,250	\$86.53 less 1.53% of
18		the excess over \$49,340
19	Over \$52,250 but not over \$53,550	\$42.01 less 0.03% of
20		the excess over \$52,250
21	Over \$53,550 but not over \$54,995	\$41.62 less 2.88% of
22		the excess over \$53,550
23	Over \$54,995	\$0.00.

(4) For single individuals with:

(a) one personal exemption:

.174438.3GR

underscored material = new
[bracketed material] = delete

1	If taxable income is:	The credit shall be:
2	Not over \$9,350	\$0.00
3	Over \$9,350 but not over \$11,850	\$0.00 plus 1.70% of
4		the excess over \$9,350
5	Over \$11,850 but not over \$14,850	\$42.50 plus 0.00% of
6		the excess over \$11,850
7	Over \$14,850 but not over \$17,350	\$42.50 plus 1.50% of
8		the excess over \$14,850
9	Over \$17,350 but not over \$20,000	\$80.00 plus 0.00% of
10		the excess over \$17,350
11	Over \$20,000 but not over \$20,350	\$80.00 less 0.48% of
12		the excess over \$20,000
13	Over \$20,350 but not over \$22,480	\$78.32 plus 1.02% of
14		the excess over \$20,350
15	Over \$22,480 but not over \$25,350	\$100.05 less 0.70% of
16		the excess over \$22,480
17	Over \$25,350 but not over \$26,830	\$79.96 less 0.50% of
18		the excess over \$25,350
19	Over \$26,830 but not over \$36,635	\$72.56 less 0.74% of
20		the excess over \$26,830
21	Over \$36,635	\$0.00;

(b) two personal exemptions:

23	If taxable income is:	The credit shall be:
24	Not over \$13,000	\$0.00
25	Over \$13,000 but not over \$18,000	\$0.00 plus 1.70% of

.174438.3GR

underscored material = new
[bracketed material] = delete

1		the excess over \$13,000
2	Over \$18,000 but not over \$18,500	\$85.00 plus 0.00% of
3		the excess over \$18,000
4	Over \$18,500 but not over \$20,000	\$85.00 plus 1.50% of
5		the excess over \$18,500
6	Over \$20,000 but not over \$22,690	\$107.50 plus 0.99% of
7		the excess over \$20,000
8	Over \$22,690 but not over \$24,000	\$134.13 less 0.96% of
9		the excess over \$22,690
10	Over \$24,000 but not over \$26,920	\$121.56 plus 0.54% of
11		the excess over \$24,000
12	Over \$26,920 but not over \$29,000	\$137.32 less 1.41% of
13		the excess over \$26,920
14	Over \$29,000 but not over \$30,770	\$108.00 less 1.21% of
15		the excess over \$29,000
16	Over \$30,770 but not over \$36,660	\$86.58 less 1.47% of
17		the excess over \$30,770
18	Over \$36,660	\$0.00;

(c) three personal exemptions:

20	If taxable income is:	The credit shall be:
21	Not over \$16,650	\$0.00
22	Over \$16,650 but not over \$22,150	\$0.00 plus 1.70% of
23		the excess over \$16,650
24	Over \$22,150 but not over \$22,860	\$93.50 plus 3.20% of
25		the excess over \$22,150

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1 Over \$22,860 but not over \$26,660 \$116.22 plus 0.74% of
2 the excess over \$22,860
3 Over \$26,660 but not over \$27,650 \$144.34 less 1.44% of
4 the excess over \$26,660
5 Over \$27,650 but not over \$30,450 \$130.08 plus 0.06% of
6 the excess over \$27,650
7 Over \$30,450 but not over \$32,650 \$131.76 less 2.12% of
8 the excess over \$30,450
9 Over \$32,650 but not over \$33,900 \$85.12 less 1.92% of
10 the excess over \$32,650
11 Over \$33,900 but not over \$36,666 \$61.12 less 2.21% of
12 the excess over \$33,900
13 Over \$36,666 \$0.00;

14 (d) four personal exemptions:

15 If taxable income is: The credit shall be:
16 Not over \$20,300 \$0.00
17 Over \$20,300 but not over \$25,800 \$0.00 plus 1.70% of
18 the excess over \$20,300
19 Over \$25,800 but not over \$26,440 \$93.50 plus 3.20% of
20 the excess over \$25,800
21 Over \$26,440 but not over \$29,880 \$113.98 plus 0.48% of
22 the excess over \$26,440
23 Over \$29,880 but not over \$31,300 \$130.49 less 1.92% of
24 the excess over \$29,880
25 Over \$31,300 but not over \$33,310 \$103.23 less 0.42% of

.174438.3GR

underscored material = new
[bracketed material] = delete

1 the excess over \$31,300
2 Over \$33,310 but not over \$36,300 \$94.79 less 2.82% of
3 the excess over \$33,310
4 Over \$36,300 but not over \$36,700 \$10.47 less 2.62% of
5 the excess over \$36,300
6 Over \$36,700 \$0.00;

7 (e) five personal exemptions:

8 If taxable income is: The credit shall be:
9 Not over \$23,950 \$0.00
10 Over \$23,950 but not over \$29,450 \$0.00 plus 1.70% of
11 the excess over \$23,950
12 Over \$29,450 but not over \$32,540 \$93.50 plus 0.23% of
13 the excess over \$29,450
14 Over \$32,540 but not over \$34,950 \$100.61 less 2.40% of
15 the excess over \$32,540
16 Over \$34,950 but not over \$35,690 \$42.77 less 0.90% of
17 the excess over \$34,950
18 Over \$35,690 but not over \$36,713 \$36.11 less 3.53% of
19 the excess over \$35,690
20 Over \$36,713 \$0.00;

21 (f) six personal exemptions:

22 If taxable income is: The credit shall be:
23 Not over \$27,600 \$0.00
24 Over \$27,600 but not over \$31,890 \$0.00 plus 1.70% of
25 the excess over \$27,600

.174438.3GR

underscored material = new
[bracketed material] = delete

1 Over \$31,890 but not over \$33,100 \$72.93 less 1.53% of
2 the excess over \$31,890
3 Over \$33,100 but not over \$34,790 \$54.42 less 0.03% of
4 the excess over \$33,100
5 Over \$34,790 but not over \$36,662 \$53.91 less 2.88% of
6 the excess over \$34,790
7 Over \$36,662 \$0.00;

8 (g) seven personal exemptions:

9 If taxable income is: The credit shall be:
10 Not over \$31,250 \$0.00
11 Over \$31,250 but not over \$34,020 \$0.00 plus 1.70% of
12 the excess over \$31,250
13 Over \$34,020 but not over \$36,651 \$47.09 less 1.79% of
14 the excess over \$34,020
15 Over \$36,651 \$0.00; and

16 (h) eight or more personal exemptions:

17 If taxable income is: The credit shall be:
18 Not over \$34,900 \$0.00
19 Over \$34,900 but not over \$35,860 \$0.00 plus 1.70% of
20 the excess over \$34,900
21 Over \$35,860 but not over \$36,660 \$16.32 less 2.04% of
22 the excess over \$35,860
23 Over \$36,660 \$0.00.

24 (5) For heads of household with:

25 (a) one personal exemption:

.174438.3GR

underscored material = new
[bracketed material] = delete

1	If taxable income is:	The credit shall be:
2	Not over \$12,000	\$0.00
3	Over \$12,000 but not over \$14,500	\$0.00 plus 1.70% of
4		the excess over \$12,000
5	Over \$14,500 but not over \$20,000	\$42.50 plus 0.00% of
6		the excess over \$14,500
7	Over \$20,000 but not over \$22,500	\$42.50 plus 1.50% of
8		the excess over \$20,000
9	Over \$22,500 but not over \$28,000	\$80.00 plus 0.00% of
10		the excess over \$22,500
11	Over \$28,000 but not over \$30,000	\$80.00 plus 1.50% of
12		the excess over \$28,000
13	Over \$30,000 but not over \$30,450	\$110.00 plus 1.18% of
14		the excess over \$30,000
15	Over \$30,450 but not over \$36,000	\$115.31 less 0.47% of
16		the excess over 30,450
17	Over \$36,000 but not over \$37,730	\$89.23 less 0.27% of
18		the excess over \$36,000
19	Over \$37,730 but not over \$54,986	\$84.55 less 0.49% of
20		the excess over \$37,730
21	Over \$54,986	\$0.00;

(b) two personal exemptions:

23	If taxable income is:	The credit shall be:
24	Not over \$15,650	\$0.00
25	Over \$15,650 but not over \$20,650	\$0.00 plus 1.70% of

.174438.3GR

underscored material = new
[bracketed material] = delete

1		the excess over \$15,650
2	Over \$20,650 but not over \$23,650	\$85.00 plus 0.00% of
3		the excess over \$20,650
4	Over \$23,650 but not over \$28,650	\$85.00 plus 1.50% of
5		the excess over \$23,650
6	Over \$28,650 but not over \$30,000	\$160.00 plus 0.00% of
7		the excess over \$28,650
8	Over \$30,000 but not over \$31,650	\$160.00 less 0.64% of
9		the excess over \$30,000
10	Over \$31,650 but not over \$35,540	\$149.44 plus 0.86% of
11		the excess over \$31,650
12	Over \$35,540 but not over \$39,650	\$182.89 less 0.94% of
13		the excess over \$35,540
14	Over \$39,650 but not over \$42,210	\$144.26 less 0.74% of
15		the excess over \$39,650
16	Over \$42,210 but not over \$54,997	\$125.32 less 0.98% of
17		the excess over \$42,210;
18	Over \$54,997	\$0.00;

(c) three personal exemptions:

20	If taxable income is:	The credit shall be:
21	Not over \$19,300	\$0.00
22	Over \$19,300 but not over \$26,800	\$0.00 plus 1.70% of
23		the excess over \$19,300
24	Over \$26,800 but not over \$27,300	\$127.50 plus 0.00% of
25		the excess over \$26,800

.174438.3GR

underscored material = new
[bracketed material] = delete

1	Over \$27,300 but not over \$30,000	\$127.50 plus 1.50% of
2		the excess over \$27,300
3	Over \$30,000 but not over \$33,690	\$168.00 plus 0.99% of
4		the excess over \$30,000
5	Over \$33,690 but not over \$35,300	\$204.53 less 0.96% of
6		the excess over \$33,690
7	Over \$35,300 but not over \$39,850	\$189.08 plus 0.54% of
8		the excess over \$35,300
9	Over \$39,850 but not over \$43,300	\$213.65 less 1.41% of
10		the excess over \$39,850
11	Over \$43,300 but not over \$46,000	\$165.00 less 1.21% of
12		the excess over \$43,300
13	Over \$46,000 but not over \$55,002	\$132.33 less 1.47% of
14		the excess over \$46,000
15	Over \$55,002	\$0.00;

(d) four personal exemptions:

17	If taxable income is:	The credit shall be:
18	Not over \$22,950	\$0.00
19	Over \$22,950 but not over \$30,950	\$0.00 plus 1.70% of
20		the excess over \$22,950
21	Over \$30,950 but not over \$32,110	\$136.00 plus 3.20% of
22		the excess over \$30,950
23	Over \$32,110 but not over \$37,820	\$173.12 plus 0.82% of
24		the excess over \$32,110
25	Over \$37,820 but not over \$38,950	\$219.94 less 1.28% of

.174438.3GR

underscored material = new
[bracketed material] = delete

1 the excess over \$37,820
2 Over \$38,950 but not over \$43,540 \$205.48 plus 0.22% of
3 the excess over \$38,950
4 Over \$43,540 but not over \$46,950 \$215.58 less 1.88% of
5 the excess over \$43,540
6 Over \$46,950 but not over \$49,250 \$151.47 less 1.68% of
7 the excess over \$46,950
8 Over \$49,250 but not over \$55,007 \$112.83 less 1.96% of
9 the excess over \$49,250
10 Over \$55,007 \$0.00;

11 (e) five personal exemptions:

12 If taxable income is: The credit shall be:
13 Not over \$26,600 \$0.00
14 Over \$26,600 but not over \$34,600 \$0.00 plus 1.70% of
15 the excess over \$26,600
16 Over \$34,600 but not over \$36,070 \$136.00 plus 3.20% of
17 the excess over \$34,600
18 Over \$36,070 but not over \$41,400 \$183.04 plus 0.65% of
19 the excess over \$36,070
20 Over \$41,400 but not over \$42,600 \$217.69 less 1.60% of
21 the excess over \$41,400
22 Over \$42,600 but not over \$46,730 \$198.49 less 0.10% of
23 the excess over \$42,600
24 Over \$46,730 but not over \$50,600 \$194.36 less 2.35% of
25 the excess over \$46,730

.174438.3GR

underscored material = new
[bracketed material] = delete

1 Over \$50,600 but not over \$52,070 \$103.41 less 2.15% of
2 the excess over \$50,600
3 Over \$52,070 but not over \$55,001 \$71.81 less 2.45% of
4 the excess over \$52,070
5 Over \$55,001 \$0.00;

6 (f) six personal exemptions:

7 If taxable income is: The credit shall be:
8 Not over \$30,250 \$0.00
9 Over \$30,250 but not over \$38,250 \$0.00 plus 1.70% of
10 the excess over \$30,250
11 Over \$38,250 but not over \$39,530 \$136.00 plus 3.20% of
12 the excess over \$38,250
13 Over \$39,530 but not over \$44,530 \$176.96 plus 0.48% of
14 the excess over \$39,530
15 Over \$44,530 but not over \$46,250 \$200.96 less 1.92% of
16 the excess over \$44,530
17 Over \$46,250 but not over \$49,530 \$167.94 less 0.42% of
18 the excess over \$46,250
19 Over \$49,530 but not over \$54,250 \$154.16 less 2.82% of
20 the excess over \$49,530
21 Over \$54,250 but not over \$55,054 \$21.06 less 2.62% of
22 the excess over \$54,250
23 Over \$55,054 \$0.00;

24 (g) seven personal exemptions:

25 If taxable income is: The credit shall be:

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underscored material = new
[bracketed material] = delete

1	Not over \$33,900	\$0.00
2	Over \$33,900 but not over \$41,900	\$0.00 plus 1.70% of
3		the excess over \$33,900
4	Over \$41,900 but not over \$42,590	\$136.00 plus 3.20% of
5		the excess over \$41,900
6	Over \$42,590 but not over \$47,290	\$158.08 plus 0.31% of
7		the excess over \$42,590
8	Over \$47,290 but not over \$49,900	\$172.65 less 2.24% of
9		the excess over \$47,290
10	Over \$49,900 but not over \$52,000	\$114.19 less 0.74% of
11		the excess over \$49,900
12	Over \$52,000 but not over \$54,998	\$98.65 less 3.29% of
13		the excess over \$52,000
14	Over \$54,998	\$0.00; and
15	(h) eight or more personal exemptions:	
16	If taxable income is:	The credit shall be:
17	Not over \$37,550	\$0.00
18	Over \$37,550 but not over \$45,550	\$0.00 plus 1.70% of
19		the excess over \$37,550
20	Over \$45,550 but not over \$49,750	\$136.00 plus 0.14% of
21		the excess over \$45,550
22	Over \$49,750 but not over \$53,550	\$141.88 less 2.56% of
23		the excess over \$49,750
24	Over \$53,550 but not over \$54,190	\$44.60 less 1.06% of
25		the excess over \$53,550

.174438.3GR

underscored material = new
[bracketed material] = delete

1 Over \$54,190 but not over \$55,196 \$37.82 less 3.76% of
2 the excess over \$54,190
3 Over \$55,196 \$0.00.

4 (6) For 2010 and subsequent years, the taxable
5 income amounts in the tables in Paragraphs (1) through (5) of
6 this subsection shall be indexed for inflation under the
7 provisions of Section 7-1-83 NMSA 1978 using 2009 as the base
8 year, and the credit amounts at each taxable income level in
9 each table shall be recomputed using the percentages in the
10 table.

11 E. A taxpayer who is a full-year resident of New
12 Mexico, who files an individual New Mexico income tax return and
13 who is not a trust, estate or dependent of another taxpayer may
14 claim a credit for a portion of state and local taxes to which
15 the resident has been subject during the taxable year for which
16 the return is filed in an amount determined from the table in
17 Paragraph (1) of this subsection. The tax credit may be claimed
18 even though the resident has no income taxable under the Income
19 Tax Act. A husband and wife who file separate returns for a
20 taxable year in which they could have filed a joint return may
21 each claim only one-half of the tax credit that would have been
22 allowed on a joint return:

23 (1) full-year resident state and local tax
24 credit table:

25 If the modified And the total number of personal
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gross income is:		exemptions is:						
		1	2	3	4	5	6 or more	
		The credit shall be:						
Not over \$4,500		\$135	\$195	\$250	\$310	\$355	\$450	
	But not Over							
\$4,500	\$5,000	125	190	240	305	355	450	
\$5,000	\$5,500	115	175	230	295	355	430	
\$5,500	\$6,000	105	155	210	260	315	410	
\$6,000	\$7,000	90	130	170	220	275	370	
\$7,000	\$8,000	80	115	145	180	225	295	
\$8,000	\$9,000	70	105	135	170	195	240	
\$9,000	\$10,000	65	95	115	145	175	205	
\$10,000	\$11,000	60	80	100	130	155	185	
\$11,000	\$12,000	55	70	90	110	135	160	
\$12,000	\$13,000	50	65	85	100	115	140	
\$13,000	\$14,000	50	65	85	100	115	140	
\$14,000	\$15,000	45	60	75	90	105	120	
\$15,000	\$16,000	40	55	70	85	95	110	
\$16,000	\$17,000	35	50	65	80	85	105	
\$17,000	\$18,000	30	45	60	70	80	95	
\$18,000	\$19,000	25	35	50	60	70	80	
\$19,000	\$20,000	20	30	40	50	60	65	
\$20,000	\$21,000	15	25	30	40	50	55	

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1	\$21,000	\$22,000	10	20	25	35	40	45
2	Over \$22,000		0	0	0	0	0	0;

3 (2) as used in this subsection, "full-year
4 resident" includes a first-year resident, and if either spouse
5 on a married-filing-joint return is a full-year resident, both
6 spouses and all of their dependents are full-year residents;

7 (3) for purposes of this subsection, the
8 number of personal exemptions shall be increased by two for each
9 individual included in the return who is sixty-five years of age
10 or older, increased by one for each individual included in the
11 return who, for federal income tax purposes, is blind and
12 reduced by one for an individual included in the return who was
13 an inmate of a public institution for more than six months
14 during the taxable year for which the return is filed; and

15 (4) for 2010 and subsequent years, the taxable
16 income and credit amounts in the table shall be indexed for
17 inflation under the provisions of Section 7-1-83 NMSA 1978 using
18 2009 as the base year.

19 F. The credits determined pursuant to Subsections B,
20 C and D of this section shall be claimed against the tax imposed
21 pursuant to Section 7-2-3 NMSA 1978 before any other credit or
22 tax rebate authorized under the Income Tax Act.

23 G. If the credit provided in this section exceeds
24 the tax imposed pursuant to Section 7-2-3 NMSA 1978, an amount
25 shall be refunded to the taxpayer that equals the lesser of:

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- 1 (1) the excess; or
2 (2) the portion of the credit determined
3 pursuant to Subsection E of this section."

4 Section 16. Section 7-2-11 NMSA 1978 (being Laws 1965,
5 Chapter 202, Section 9, as amended) is amended to read:

6 "7-2-11. TAX CREDIT--INCOME ALLOCATION AND
7 APPORTIONMENT.--

8 A. ~~[Net]~~ Taxable income of any individual having
9 income that is taxable both within and without ~~[this state]~~ New
10 Mexico shall be apportioned and allocated as follows:

11 (1) during the first taxable year in which an
12 individual incurs tax liability as a resident, only income
13 earned on or after the date the individual became a resident
14 and, in addition, income earned in New Mexico while a
15 nonresident of New Mexico shall be allocated to New Mexico;

16 (2) except as provided otherwise in Paragraph
17 (1) of this subsection, income other than compensation or
18 gambling winnings shall be allocated and apportioned as provided
19 in the Uniform Division of Income for Tax Purposes Act, but if
20 the income is not allocated or apportioned by that act, then it
21 may be allocated or apportioned in accordance with instructions,
22 rulings or regulations of the secretary;

23 (3) except as provided otherwise in Paragraph
24 (1) of this subsection, compensation and gambling winnings of a
25 resident taxpayer shall be allocated to ~~[this state]~~ New Mexico;

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1 (4) compensation of a nonresident taxpayer
2 shall be allocated to [~~this state~~] New Mexico to the extent that
3 [~~such~~] the compensation is for activities, labor or personal
4 services within [~~this state~~] New Mexico; provided:

5 (a) if the activities, labor or services
6 are performed in [~~this state~~] New Mexico for fifteen or fewer
7 days during the taxpayer's taxable year, the compensation may be
8 allocated to the taxpayer's state of residence; and

9 (b) if the compensation is for
10 activities, labor or services performed for a business in the
11 manufacturing industry in New Mexico that is located within
12 twenty miles of an international border, that has a minimum of
13 five full-time employees who are New Mexico residents, is not
14 receiving development training funds under Section 21-19-7 NMSA
15 1978 and that meets the qualifications of one of Items 1)
16 through 4) of this subparagraph, the compensation may be
17 allocated to the taxpayer's state of residence: 1) the business
18 had no payroll in New Mexico during the previous calendar year;
19 2) the business had a payroll in New Mexico for less than the
20 entire previous calendar year, and the first payroll of the new
21 calendar year includes payments to New Mexico residents
22 exceeding the highest monthly payroll for such residents in the
23 previous calendar year; 3) the business had a payroll in New
24 Mexico for the entire previous calendar year, and the first
25 payroll of the new calendar year includes payments to New Mexico

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1 residents exceeding by at least ten percent both the payroll for
2 all employees in January 2001 and the payroll for New Mexico
3 residents twelve months prior to the commencement of the new
4 calendar year; or 4) the business had a payroll in New Mexico
5 for the entire previous calendar year, but had no payroll in New
6 Mexico within one year prior to January 1, 2001, and the first
7 payroll of the new calendar year includes payments to New Mexico
8 residents exceeding by at least ten percent the payroll for such
9 residents twelve months earlier;

10 (5) gambling winnings of a nonresident shall
11 be allocated to [~~this state~~] New Mexico if the gambling winnings
12 arose from a source within [~~this state~~] New Mexico; and

13 (6) other deductions and exemptions allowable
14 in computing [~~net~~] taxable income and not specifically allocated
15 in the Uniform Division of Income for Tax Purposes Act shall be
16 equitably allocated or apportioned in accordance with
17 instructions, rulings or regulations of the secretary.

18 B. For the purposes of this section, "non-New Mexico
19 percentage" means the [~~percentage~~] quotient determined by
20 dividing the difference between the taxpayer's [~~net~~] taxable
21 income and the sum of the amounts allocated or apportioned to
22 New Mexico by that [~~net~~] taxable income; provided that, if the
23 quotient is greater than one, it shall be one, and if the
24 quotient is less than zero, it shall be zero.

25 C. A taxpayer may claim a credit in an amount equal

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1 to the non-New Mexico percentage multiplied by the difference
2 between the amount of tax determined to be due under Section
3 7-2-7 or 7-2-7.1 NMSA 1978 [~~multiplied by the non-New Mexico~~
4 ~~percentage~~] and the credit determined pursuant to Subsections B,
5 C and D of Section 7-2-7.4 NMSA 1978."

6 Section 17. Section 7-2-12 NMSA 1978 (being Laws 1965,
7 Chapter 202, Section 10, as amended) is amended to read:

8 "7-2-12. TAXPAYER RETURNS--FILING STATUS--PAYMENT OF
9 TAX.--

10 A. Every resident of [~~this state~~] New Mexico and
11 every individual deriving income from any business transaction,
12 property or employment within [~~this state~~] New Mexico and not
13 exempt from tax under the Income Tax Act who is required by the
14 laws of the United States to file a federal income tax return
15 shall file a complete tax return with the department in form and
16 content as prescribed by the secretary. [~~Except as provided in~~
17 ~~Subsection B of this section~~]

18 B. The taxpayer shall use the same filing status on
19 the New Mexico income tax return as the taxpayer used for
20 federal income tax purposes or the same filing status as would
21 have been used for federal income tax purposes if the taxpayer
22 had been required to file a federal income tax return.

23 C. The return required and the tax imposed on
24 individuals under the Income Tax Act are due and payment is
25 required on or before the fifteenth day of the fourth month

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1 following the end of the taxable year; ~~[B-]~~ provided that when
2 the department approves electronic media for use by a taxpayer
3 whose taxable year is a calendar year, the taxpayer who uses
4 electronic media for both filing and payment must submit the
5 required return and the tax imposed on individuals under the
6 Income Tax Act on or before the thirtieth day of the fourth
7 month following the end of the taxable year."

8 Section 18. Section 7-2-12.1 NMSA 1978 (being Laws 1990,
9 Chapter 23, Section 1) is amended to read:

10 "7-2-12.1. LIMITATION ON CLAIMING OF CREDITS AND TAX
11 REBATES.--

12 A. Except as provided otherwise in this section, a
13 credit or tax rebate provided in the Income Tax Act that is
14 claimed shall be disallowed if the claim for the credit or tax
15 rebate was first made after the end of the third calendar year
16 following the calendar year in which the return upon which the
17 credit or tax rebate was first claimable was initially due.

18 B. Subsection A of this section does not apply to:

19 (1) the credit authorized by Subsections B, C
20 and D of Section 7-2-7.4 NMSA 1978 for exemptions, deductions,
21 rate brackets and state and local taxes; or

22 ~~[(1)]~~ (2) the credit authorized by Section
23 7-2-13 NMSA 1978 for income taxes paid another state ~~[or~~

24 ~~(2) the credit authorized by Section 7-12-19~~
25 ~~NMSA 1978 for income taxes paid another state]."~~

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1 Section 19. Section 7-2-32 NMSA 1978 (being Laws 1997,
2 Chapter 259, Section 8) is amended to read:

3 "7-2-32. DEDUCTION--PAYMENTS INTO EDUCATION TRUST FUND.--
4 In determining taxable income, a taxpayer may claim a deduction
5 [~~from net income~~] in an amount equal to the payments made by the
6 taxpayer into the education trust fund pursuant to a college
7 investment agreement or prepaid tuition contract under the
8 Education Trust Act in the taxable year for which the deduction
9 is being claimed. The amount of payments made on behalf of any
10 one beneficiary that may be deducted shall not exceed in the
11 aggregate the cost of attendance at the applicable institution
12 of higher education, as determined by the education trust board.
13 A husband and wife who file separate returns for the taxable
14 year in which they could have filed a joint return may each
15 claim only one-half of the deduction that would have been
16 allowed on the joint return. [~~Individuals having income both~~
17 ~~within and without this state shall apportion this deduction in~~
18 ~~accordance with regulations of the secretary.]"~~

19 Section 20. Section 7-2-34 NMSA 1978 (being Laws 1999,
20 Chapter 205, Section 1, as amended) is amended to read:

21 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--
22 A. Except as provided in Subsection C of this
23 section, in determining taxable income, a taxpayer may claim a
24 deduction [~~from net income~~] in an amount equal to the greater
25 of:

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1 (1) the taxpayer's net capital gain income for
2 the taxable year for which the deduction is being claimed, but
3 not to exceed one thousand dollars (\$1,000); or

4 (2) [~~the following percentage~~] fifty percent
5 of the taxpayer's net capital gain income for the taxable year
6 for which the deduction is being claimed

7 [~~(a) for a taxable year beginning in~~
8 ~~2003, ten percent;~~

9 ~~(b) for a taxable year beginning in 2004,~~
10 ~~twenty percent;~~

11 ~~(c) for a taxable year beginning in 2005,~~
12 ~~thirty percent;~~

13 ~~(d) for a taxable year beginning in 2006,~~
14 ~~forty percent; and~~

15 ~~(e) for taxable years beginning on or~~
16 ~~after January 1, 2007, fifty percent].~~

17 B. A husband and wife who file separate returns for
18 a taxable year in which they could have filed a joint return may
19 each claim only one-half of the deduction provided by this
20 section that would have been allowed on the joint return.

21 C. A taxpayer may not claim the deduction provided
22 in Subsection A of this section if the taxpayer has claimed the
23 credit provided in Section 7-2D-8.1 NMSA 1978.

24 D. As used in this section, "net capital gain" means
25 "net capital gain" as defined in Section 1222 (11) of the

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1 Internal Revenue Code."

2 Section 21. Section 7-2-35 NMSA 1978 (being Laws 2000
3 (2nd S.S.), Chapter 7, Section 1) is amended to read:

4 "7-2-35. DEDUCTION--UNREIMBURSED OR UNCOMPENSATED MEDICAL
5 CARE EXPENSES.--

6 A. In determining taxable income, a taxpayer may
7 claim a deduction [~~from net income~~] in an amount determined
8 pursuant to Subsection B of this section for medical care
9 expenses paid during the taxable year for medical care of the
10 taxpayer, the taxpayer's spouse or a dependent if the expenses
11 are not reimbursed or compensated for by insurance or otherwise
12 and have not been included in the taxpayer's itemized
13 deductions, as defined in Section 63 of the Internal Revenue
14 Code for the taxable year.

15 B. The deduction provided in Subsection A of this
16 section may be claimed in an amount equal to the following
17 percentage of medical care expenses paid during the taxable year
18 based on the taxpayer's filing status and adjusted gross income
19 as follows:

- 20 (1) for surviving spouses and married
21 individuals filing joint returns:
- | | |
|---------------------------------|--------------------------|
| 22 If adjusted gross income is: | The following percent of |
| 23 | medical care expenses |
| 24 | paid may be deducted: |
| 25 Not over \$30,000 | 25 percent |

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1 More than \$30,000 but not more than \$70,000 15 percent
2 Over \$70,000 10 percent;
3 (2) for single individuals and married
4 individuals filing separate returns:
5 If adjusted gross income is: The following percent of
6 medical care expenses
7 paid may be deducted:
8 Not over \$15,000 25 percent
9 More than \$15,000 but not more than \$35,000 15 percent
10 Over \$35,000 10 percent; and

11 (3) for heads of household:
12 If adjusted gross income is: The following percent of
13 medical care expenses
14 paid may be deducted:
15 Not over \$20,000 25 percent
16 More than \$20,000 but not more than \$50,000 15 percent
17 Over \$50,000 10 percent.

18 C. As used in this section:

19 [~~(1)~~] ~~"dependent" means dependent as defined in~~
20 ~~Section 152 of the Internal Revenue Code;~~

21 ~~(2)~~] (1) "health care facility" means a
22 hospital, outpatient facility, diagnostic and treatment center,
23 rehabilitation center, [~~free-standing~~] freestanding hospice or
24 other similar facility at which medical care is provided;

25 [~~(3)~~] (2) "medical care" means the diagnosis,

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1 cure, mitigation, treatment or prevention of disease or for the
2 purpose of affecting any structure or function of the body;

3 [~~(4)~~] (3) "medical care expenses" means
4 amounts paid for:

5 (a) the diagnosis, cure, mitigation,
6 treatment or prevention of disease or for the purpose of
7 affecting any structure or function of the body, excluding
8 cosmetic surgery, if provided by a physician or in a health care
9 facility;

10 (b) prescribed drugs or insulin;

11 (c) qualified long-term care services as
12 defined in Section 7702B(c) of the Internal Revenue Code;

13 (d) insurance covering medical care,
14 including amounts paid as premiums under Part B of Title [~~XVIII~~]
15 18 of the Social Security Act or for a qualified long-term care
16 insurance contract defined in Section 7702B(b) of the Internal
17 Revenue Code, if the insurance or other amount is paid from
18 income included in the taxpayer's adjusted gross income for the
19 taxable year;

20 (e) nursing services, regardless of where
21 the services are rendered, if provided by a practical nurse or a
22 professional nurse licensed to practice in [~~the state~~] New
23 Mexico pursuant to the Nursing Practice Act;

24 (f) specialized treatment or the use of
25 special therapeutic devices if the treatment or device is

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1 prescribed by a physician and the patient can show that the
2 expense was incurred primarily for the prevention or alleviation
3 of a physical or mental defect or illness; and

4 (g) care in an institution other than a
5 hospital, such as a sanitarium or rest home, if the principal
6 reason for the presence of the person in the institution is to
7 receive the medical care available; provided that if the meals
8 and lodging are furnished as a necessary part of such care, the
9 cost of the meals and lodging are "medical care expenses";

10 [~~(5)~~] (4) "physician" means a medical doctor,
11 osteopathic physician, dentist, podiatrist, chiropractic
12 physician or psychologist licensed or certified to practice in
13 New Mexico; and

14 [~~(6)~~] (5) "prescribed drug" means a drug or
15 biological that requires a prescription of a physician for its
16 use by an individual."

17 Section 22. Section 7-2-36 NMSA 1978 (being Laws 2005,
18 Chapter 113, Section 1) is amended to read:

19 "7-2-36. DEDUCTION--EXPENSES RELATED TO ORGAN DONATION.--

20 A. In determining taxable income, a taxpayer may
21 claim a deduction [~~from net income~~] in an amount not to exceed
22 ten thousand dollars (\$10,000) of organ donation-related
23 expenses, including lost wages, lodging expenses and travel
24 expenses, incurred during the taxable year by the taxpayer or
25 the taxpayer's dependent as a result of the taxpayer's or

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1 dependent's donation of a human organ to another person for
2 transfer of that human organ to the body of another person.

3 B. A husband and wife who file separate returns for
4 a taxable year in which they could have filed a joint return may
5 each claim only one-half of the deduction provided by this
6 section that would have been allowed on a joint return.

7 C. [~~For the purposes of~~] As used in this section,
8 [~~(1) "dependent" means "dependent" as defined~~
9 ~~by Section 152 of the Internal Revenue Code, as that section may~~
10 ~~be amended or renumbered; and~~

11 ~~(2)] "human organ" means all or part of a~~
12 heart, liver, pancreas, kidney, intestine, lung or bone marrow."

13 Section 23. A new section of the Income Tax Act, Section
14 7-2-37 NMSA 1978, is enacted to read:

15 "7-2-37. [NEW MATERIAL] DEDUCTION--FEDERAL ITEMIZED OR
16 STANDARD DEDUCTION.--In determining taxable income:

17 A. a taxpayer other than an estate or trust who is
18 not a dependent of another taxpayer for the taxable year may
19 claim a deduction in an amount equal to the excess of the
20 standard or itemized deductions allowed the taxpayer for the
21 taxpayer's taxable year under Section 63 of the Internal Revenue
22 Code over an amount equal to the basic standard deduction
23 allowed the taxpayer for the taxpayer's taxable year under
24 Section 63 of the Internal Revenue Code provided that the excess
25 shall not be less than zero; and

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B. a taxpayer other than an estate or trust who is a dependent of another taxpayer for the taxable year may claim a deduction in an amount equal to the amount allowed the taxpayer for the taxpayer's taxable year for a standard or itemized deductions under Section 63 of the Internal Revenue Code."

Section 24. REPEAL.--Sections 7-2-5.8 and 7-2-14 NMSA 1978 (being Laws 2005, Chapter 104, Section 5 and Laws 1972, Chapter 20, Section 2, as amended) are repealed.

Section 25. APPLICABILITY.--The provisions of this 2009 act are applicable to tax years beginning on or after January 1, 2009.